

## State of Arizona Department of Education

## Tom Horne

Superintendent of Public Instruction

July 18, 2007

TO: Local Educational Agencies (LEAs)

FROM: Arizona Department of Education (ADE), Grants Management

Sarah Lors, Manager

SUBJECT: A Brief Introduction to Grant Management Update: Combined Indirect Cost Rate

Effective July 1, 2007, Grants Management System will allow districts to use Combined Indirect Cost Rate against their grant projects.

Arizona Revised Statute (Title 15-Chapter 3 Article 1) states that County School Superintendents (CSS) will handle the fiscal activities of districts including federal grant funds unless the district has been approved for fiscal independence. (R7-2-902). We are pleased to note the following changes in the Grants Management Enterprise.

To help districts understand Combined Indirect Cost Rate, we have included a calculation worksheet and a memo in the Grants Indirect Cost Rate website that is located at <a href="https://www.ade.az.gov/gme/Additional\_Information/IndirectCosts.asp">https://www.ade.az.gov/gme/Additional\_Information/IndirectCosts.asp</a>.

Combined Indirect Cost Rate will affect the grant application and project summary.

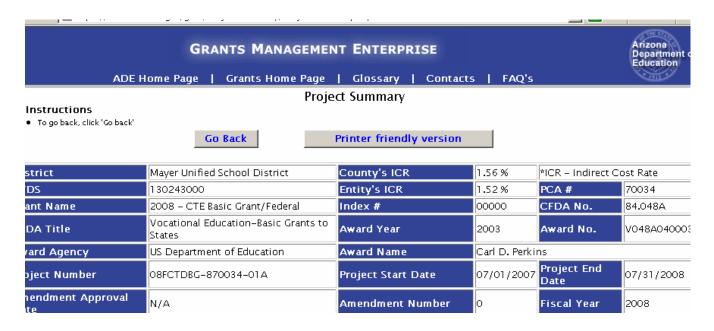


## 1) Grant Application

Effective July 1, 2007 federal grant applications that allow indirect costs will now reflect the entity's approved indirect cost rate plus the county's approved rate, <u>if applicable</u>, in the financial data line item page. If the combined indirect cost rate is more than the grant's maximum allowable indirect rate, then the maximum allowable rate will be used in the application.

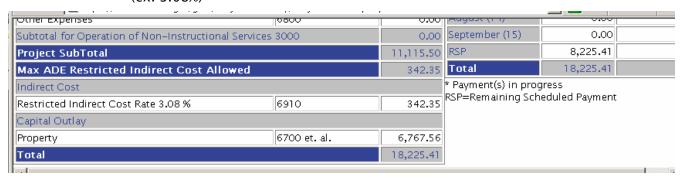
ICR (Indirect Cost Rate)

<sup>2.</sup> Pilot Schools: The district has been approved for fiscal independence.



## Change in Project Summary

- Effective July 1, 2007 Project Summary will include county's ICR for the current fiscal year along with Entity's ICR. Regardless of type of entities and type of grants, this information will be displayed in their Project Summary as additional information. Actual Combined Indirect Cost Calculation will be only used for districts (Not applicable to pilot schools)
- The following calculation will be used for a district's restricted indirect cost rate if applicable.
  - a. County's Indirect Cost Rate + Entity's Indirect Cost Rate = Combined Indirect Cost Rate (ex. 1.56 % + 1.52 % = 3.08%)
  - b. Compare Combined Indirect Cost Rate against grant's maximum allowable indirect cost rate
    - Please reference <u>Maximum Allowable Indirect Cost for Grants/ Projects Matrix</u> online.
    - (ex. 3.08% < Maximum allowable Indirect Cost Rate (8%))
  - c. The Grants Management System will use Combined Indirect Cost Rate as Indirect Cost Rate if it doesn't exceed the maximum allowable by program legislation/regulations. (ex. 3.08%)



The Grants Management staff is here to answer your questions from 8am to 5pm Monday through Friday, excluding holidays at (602) 542-3452.

- ICR (Indirect Cost Rate)
- 2. Pilot Schools: The district has been approved for fiscal independence.